

## THE BILL OF EXCHANGE, DRAFT, or ACCEPTANCE BILL

**cambium** (Latin): **lettera di cambio** or **di pagamento** (Italian); **lettre de change** (French); **Wechselbrief** (German: modern, **der Wechsel, die Tratte**); **wisselbrief** (Dutch)

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**A Simple Definition:** The bill of exchange or *lettre de change* (later known as the ‘acceptance bill’ and the draft) was simply an informal letter by which one merchant ordered his agent-banker in some other city to make payment on his behalf to another merchant in that distant city.

Note that it is an informal command to pay, involving *principals* and *agents*; it is not a promise to make payment, by a formal contract, as was the bond, the letter obligatory, and the promissory note.

**Basically unchanged from the fourteenth to the eighteenth centuries, the bill of exchange was a dual-functioning international banking instrument that involved:**

- (a) a loan of funds in one city, and
- (b) the transfer or remittance of funds from that city to a city in some foreign country.

The funds lent through this bill were to be repaid at some specified later date, in that foreign city, in the foreign currency of that city. A loan made in country A's domestic currency and repaid in country B's currency thus *obviated the necessity of shipping specie and bullion between countries*, except when a country's trade was not in balance.

The bill of exchange, as a credit and transfer instrument, required **four** parties--two principals and two agents--in two cities, using two different currencies, as follows:

- The first principal in city A, the **deliverer** (1), lends money in A's domestic currency to the second principal, the **taker** (2), by buying from him a *cambium* or bill of exchange drawn upon the **taker's** agent in city B, the **payer** or **drawee** (3). The bill is made payable in the local currency of city B, at one to three month's *usance*, to the deliverer's agent there, the **payee** (4).

- After collecting the bill, the **payee** normally purchased a second bill or *recambium* in B drawn upon some merchant-banker in A, and made payable at usance to the **deliverer** or his agent there.

- The amount of money that the **deliverer** received from the *recambium* was normally larger than the original sum ‘delivered’ or lent. His profit was produced by a spread on the exchange rates between the two cities. In essence, the exchange rates on both bills were raised, above the mint-par, in favour of the lender.

This can be demonstrated in the two following examples of bills of exchange transactions, from the late 14th and 17th centuries.

**EXAMPLE I: Bruges and Barcelona in 1399 - 1400**

This first example involves a *cambium* drawn in Bruges (Flanders) upon a bank in Barcelona (Catalonia); and a *recambium* drawn in Barcelona upon a Bruges bank to remit the funds to the original lender.

- (1) **The cambium:** drawn upon Barcelona, on 12 December 1399

Al nome di Dio, amen

di 12 di dicembre 1399

Paghate per questa prima al usanza a Domenicho Sancio schudi seicento a s.10 d.5 per ▽ i quali ▽ 600 a s.10 d.5 per ▽ sono per la valuta da Jachopo Ghoscio, e ponente a nostro chonto chosti. Idio vi guardi.

Giovanni Orlandini e Piero  
Benizi e chonpagni in Bruggia

Acettata a di 11 di gennaio 1399  
[on the back]

Francescho da Prata e chonpagni  
in Barzalona  
Prima

**Translation from the Italian**

In the name of God, amen

12th of December 1399

Pay at usance by this first [letter of exchange] to Domenico Sancio six hundred *écus* at 10s 5d [Barcelonese] per *écu*, which 600 *écus* at 10s 5d per *écu* are for the value received [here] from Jacopo Goscio; and charge [this amount] to our account. God be with you.

Giovanni Orlandini and Piero  
Benizi and Co. in Bruges.

Accepted, 11th of January 1399 [1400 n.s.]  
[on the back]

Francesco da Prato and Co.  
in Barcelona  
First [letter of exchange]

**Source:** Raymond de Roover, *Money, Banking and Credit in Mediaeval Bruges* (Cambridge, Mass. 1948), pp. 56, 72; from the Datini Archives of Prato, pp. 1146.

- (2) **The recambium:** drawn upon Bruges, on 12 February 1400

In the name of God, amen

12th of February 1399 [1400]

Pay at usance by this first letter of exchange to Jacopo Goscio [the sum of] 625 *écus* at 10s 0d Barcelonese per *écu*, which 625 *écus* at 10s 0d per *écu* are for the value received here from Domenico Sancio; and charge this amount to our account.

God be with you.

Francesco del Tovaglia and  
Co. in Barcelona

Accepted, 11th of March 1399 [1400]

[on the back]

Giuliano Zaccheria and  
Co. in Bruges  
First [letter of exchange]

### Explanations:

- 1) **at usance:** the period of time from the date the bill was drawn to its maturity, the date on which it was to be collected. From northern European cities to Italian cities, usance was customarily two months from date; from those northern cities to Barcelona, one month from 'sight' or date it was received and 'accepted'; from London to Bruges, Antwerp, or later Amsterdam, it was one month from the date of the bill. Bills could also be drawn for half, double, and triple usance.
- 2) **the *écu*:** [= shield], with the symbol  $\blacktriangledown$ . Here it was not the famous French gold coin, but rather a Flemish money-of-account or system of reckoning equal to 22 current Flemish silver pence = 22d = 1s 10d *groot* of Flanders.
- 3) **Moneys-of-account:** both Flanders and Barcelona then used the almost universal system of money-of-account, by which one pound of money (livre, lira, pond, Pfund) contained 20 shillings; and each shilling, 12 pence: so that £1 = 20s = 240d.
- 4) **first letter of exchange:** to insure the transaction against theft, loss, or fraud, several bills, each numbered consecutively, would be issued. This bill was thus the first to be issued; and if it arrived safely, it would be the one redeemed, thus cancelling the subsequent bills.
- 5) **n.s.** = new style calendar beginning 1 January. Before 1583, the New Year in the French calendar commenced on Easter day; in the Venetian calendar on 1 March; (in the English calendar, 25 March, until 1752.)

### The Merchant-bankers transacting the bills:

#### A. The cambium: the initial bill of exchange

1. **The deliverer or remitter (datore or rimettente):**

Jacopo Goscio in Bruges, who lends or 'delivers' 600 *écus*, worth 1s 10d or 22d *groot* Flemish each. The total value =  $600 \times 22/240 = \text{£}55 \text{ 0s } 0\text{d}$  *groot* Flemish; and this sum is lent to Giovanni Orlandini-Piero Benizi Co. in Bruges by 'buying' a bill of exchange from them drawn on Barcelona.

2. **The taker or drawer (prenditore or traente):**

The Orlandini-Benizi Co. in Bruges, who thus borrow the 600 *écus* by 'selling' the bill of exchange to Jacopo Goscio; they 'draw' this bill upon Francesco da Prato and Co. in Barcelona. Presumably the Orlandini-Benizi Co. maintain funds on deposit with the Francesco da Prato Co. bank in Barcelona; and thus, in effect, the Orlandini-Benizi Company, by this bill of exchange, is selling a claim to this foreign bank balance -- a claim to its funds on deposit there. The Orlandini-Benizi Company would use these borrowed funds to purchase Flemish woollens, which they would ship for sale to Barcelona, depositing the proceeds from the sale in its bank account with Francesco da Prato and Co. there.

3. **The payer or drawee (pagatore or trattario):**

Francesco da Prato in Barcelona, who 'accepts' the bill on 'sight' on 11 January 1400, thus agreeing to make the stipulated payment at usance, on the bill's maturity, to the designated payee in Barcelona, Domenico Sancio. This payment will be made in the currency of Barcelona at the stipulated rate; and the amount to be paid is:  $600 \text{ écus} \times 10\text{s } 5\text{d}$  Barcelonese =  $600 \times 10.4167\text{s} = 6,250\text{s} = \text{£}312 \text{ 10s } 0\text{d}$  Barcelonese currency. Note that this payer is also extending credit to the drawer (taker), since he is guaranteeing payment, even if the drawer fails to deposit sufficient funds in his account with the payer in time to redeem the bill. Normally, however, the drawer would maintain a sufficient balance in his bank account; and, as noted above, the drawer was thus selling a claim to this foreign bank balance. Francesco da Prato might also act as the mercantile agent for the Orlandini-Benizi Co. by arranging for the sale of the imported Flemish woollens. From the proceeds of that sale, as also noted above, he would be able to redeem the bill of exchange, without endangering his bank balances.

4. **The payee (beneficiario):**

Domenico Sancio in Barcelona, who received the bill in the mail from the deliverer, Jacopo Goscio, and he presents it for 'acceptance' to the payer. On the bill's maturity, he 'collects' the bill, worth, as noted above,  $\text{£}312 \text{ 10s } 0\text{d}$  Barcelonese. The records indeed do show that on 11 January 1400, the date of acceptance, this sum of  $\text{£}312 \text{ 10s } 0\text{d}$  Barcelonese was charged to the account of Orlandini-Benizi and credited to the account of Domenico Sancio by Francesco da Prato. This sum was paid to Sancio on 11 February 1400, by 'assignment in bank' or bank-account transfer.

## B. The recambium: the second or return bill of exchange

### 1. The deliverer:

Domenico Sancio, who was the payee in the original cambium. He lends the proceeds of the cambium, £312 10s 0d Barcelonese to Francesco del Tovaglia in Barcelona by buying from him a bill of exchange drawn upon Bruges. He is thereby able to remit these funds to the original deliverer, Jacopo Goscio.

### 2. The taker:

Francesco del Tovaglia in Barcelona, who thus borrows the said sum of £312 10s 0d Barcelonese by selling a bill of exchange drawn upon Giuliano Zaccheria in Bruges. Del Tovaglia might use these borrowed funds to buy Spanish wine and leather for export to Bruges.

### 3. The payer:

Giuliano Zaccheria in Bruges, who accepts the bill on 11 March 1400, agreeing to redeem or pay the bill on its maturity, to Jacopo Goscio in Bruges. He might also act as the commercial agent for del Tovaglia, selling the imported wines and leather from Spain, and thus using some of the proceeds to redeem the bill. Again, he acts as a bank-creditor for the drawer.

### 4. The payee:

Jacopo Goscio, the deliverer on the initial cambium, who presents the bill for acceptance and then 'collects' the bill on its maturity, 11 April 1400, for the sum of 625 *écus* = £57 5s 10d *groot* Flemish. That is, £312 10s 0d Barcelonese *divided* by 10s 0d =  $312.5/0.5 = 625 \text{ écus} \times 22/240 = 625 \times 0.09166 = £57.29166 = £57 \text{ 5s } 10\text{d.}$  *groot* Flemish.

## Calculation of the Rate of Interest or Profit on the Bill.

The interest or profit was included within the exchange rates. In this example of *cambium* and *recambium*, the original deliverer Jacopo Goscio has made a profit of 25 *écus* (625 - 600), or £2.5s.10d. *groot* Flemish, for a period of four months. His **per annum** rate of return would thus be:  $12/4 \times 25/600 \times 100 = 3 \times 0.041666 \times 100 = 12.5\%$ .

Assume that the actual rate of exchange on the Flemish and Barcelonese currencies was midway between the two rates quoted in these bills: 10s 2 1/2d Barcelonese per Flemish *écu*, so that  $600 \text{ écus} = 600 \times 122.5/240 = 600 \times 0.510417 = £306 \text{ 5s. } 0\text{d.}$  Barcelonese.

- (a) **the profit on the first bill would be:**  $\pounds 312.500 - \pounds 306.250 = \pounds 6.250$  or  $\pounds 6\ 5s\ 0d$  Barcelonese =  $12.245\ \acute{e}cus$ .
- (b) the profit on the second bill would be:  $625\ \acute{e}cus - 612.245\ \acute{e}cus = 12.755\ \acute{e}cus$  [=  $\pounds 57.292 - \pounds 56.123 = \pounds 1.169 = 12.755\ \acute{e}cus$ ].
- (c) **the total profit on the two bills was thus:**  $12.245 + 12.755 = 25.000\ \acute{e}cus$ , as calculated above.

On both bills the exchange rate has been artificially raised in favour of the lender (who would otherwise not 'deliver' or lend money by buying bills). While such an increase in the exchange rate is quite clear on the first bill--from 10s. 2 1/2d. to 10s. 5d. per *écu*--how is the second rate higher? How can 10s.0d. per *écu* be higher than 10s. 2 1/2d? Simply because in the second bill, the Barcelonese currency has been *divided* by the exchange rate to obtain the required number of Flemish *écus* to be repaid (while in the first bill, the *écus* were *multiplied* by the exchange rate to obtain the required number of Barcelonese pounds). Thus the exchange rate is higher than the mint-par in the second bill in the same sense that 1/3 is larger than 1/4.

In all bilateral international bills of exchange transactions, one country's currency is taken to be the 'head of the exchange': the fixed monetary unit by which the other currency is quoted, in variable amounts. In this case Flanders is the 'head of the exchange' and the Flemish *écu* is quoted as being worth so many shillings and pence of Barcelona. When the money market is in equilibrium, the exchange rate for 'bills at usance' will be higher in the city that serves as the 'head of the exchange' than in the other. The difference in the two rates represents the positive rate of interest for that period of usance. This return was not, however, predetermined and fixed in actual bills of exchange transactions; and thus, strictly speaking, it was profit and not interest. Hence bills of exchange escaped the Church's usury ban. The return was uncertain because, before the second bill or *recambium* was drawn, the exchange rates might change adversely, as the result of any combination of factors: a change in either country's mint-par by coinage debasement or *renforcement*, a change in the official or market evaluations of gold and silver, changes in either country's trade or overall balance of payments, speculative buying and selling of bills in the money markets--or indeed changes in the market rate of interest. Bankers did lose: but they gained more than they lost.

### **N.B. The Bill of Exchange as a Transfer Instrument:**

The examples given above assume that the bill of exchange was utilized essentially as a credit instrument to finance international trade, and that its transfer functions were merely to facilitate payment; but the bill of exchange could also be used primarily as a transfer instrument, to effect a payment owing in a foreign city. In this instance, the original roles of **deliverer** and **taker**, as lender and borrower, respectively, would be reversed, so that the **deliverer** became the borrower and the **taker** became the lender or creditor. Let us reconstruct the first *cambium*, of 1399, using the same principals and agents, to see how this would work:

**The deliverer** (datore) in Bruges, Jacopo Goscio, who is now the **remitter** (*rimettente*), owes the sum of £312 10s 0d Barcelonese to some creditor in Barcelona, whose banking agent there is Domenico Sancio (**payee**). Possibly company partners or family members of Jacopo Goscio in Barcelona have borrowed this sum from or via Domenico Sancio; or possibly Jacopo Goscio has imported goods from Barcelona into Bruges, and now must arrange payment for them. So, Jacopo Goscio now buys a bill of exchange from the **taker** (*prenditore* or *traente*), Orlandini and Benizi Co. in Bruges, for the sum of 600 Flemish *écus* (22d *groot*) = £55 0s 0d *groot* Flemish, at the agreed upon exchange rate of 1 Flemish *écu* = 10s 5d. Barcelonese. The Orlandini-Benizi Co. draw their bill of exchange upon their banking agent in Barcelona, the **payer**, who is Francesco da Prato Co., which is ordered to make payment to the aforementioned and stipulated **payee**, Domenico Sancio in Barcelona. Thus, on the redemption or payment date stipulated in the bill, 11 January 1400, Francesco da Prato Co., as the designated **payer**, do redeem this bill, and make payment for the sum of £312 10s 0d Barcelonese, into the bank account of the **payee**, Domenico Sancio.

And so in this fashion, the **deliverer** Jacopo Goscio has honoured his debt to his Catalan creditor in Barcelona, Domenico Sancio. Obviously, in this case, there is no need for a *recambium*.

#### **EXAMPLE II: 17th Century Bills: Leghorn and Amsterdam, 1684**

Livorno [Leghorn, Italy], the 2nd of October 1684.

At usance, pay this our first bill of exchange, our second and third not being paid, pay unto Mr. James Twyford or order the sum of dollars one hundred at 55 ½ d per dollar, for value received here of Captain William Fisher and place it to account as per advice, £23 2s 6d.

Brokinge Parker Holditch

Accepted, John Brokinge.

**Source:** Joan Thirsk and J. P. Cooper, eds., *Seventeenth-Century Economic Documents* (Oxford, 1972), no. V.42, p. 661.

#### **Explanations**

- 1) **or order:** payable to the holder, bearer, or possibly the agent or creditor of the payee. Bills of exchange had now become negotiable credit instruments, transferable by endorsement.
- 2) **doller:** the Dutch *rijksdaalder* or ‘Rix doller’, as it was known in England.

#### **The Merchants and Merchant-Bankers:**

1. **The deliverer:** Captain William Fisher, in Leghorn, who lent £23 2s. 6d. [£23.125] to

Brokinge Parker Holditch, by buying from him a bill of exchange drawn on Amsterdam.

2. **The taker:** Brokinge Parker Holditch, in Leghorn, who thus borrows the said £23 2s. 6d. by selling a bill of exchange drawn on Amsterdam. He might thus have used the borrowed funds to purchase Italian textiles (or English goods received from the Turkey trade) for export to Amsterdam.
3. **The payer:** John Brokinge, in Amsterdam, who accepted the bill and thus agreed to pay it to the designated payee, James Twyford, 'at usance', on the date of maturity. Brokinge might also have acted as the commercial agent for the taker, Brokinge Parker Holditch, by arranging for the sale of the goods imported from Leghorn; and again he would have used some of the proceeds to redeem the bill.
4. **The payee:** James Twyford, in Amsterdam, who receives the bill in the mails from the deliverer, William Fisher; presents it to the payer for 'acceptance'; and then collects the sum of 100 Rix dollars on the date of maturity. [£23 2s. 6d. divided by 55.5d/240d. = 23.125/0.23125 = 100 Rix dollars.] Twyford, however, might have sold the bill at discount some time before its maturity; in that case the holder of the bill would collect it on maturity.

Construct a return bill or *recambium*, drawn on Leghorn, in order to remit the funds collected in Amsterdam to the original deliverer, William Fisher, in Leghorn. Assume that the rate of exchange quoted in Amsterdam is 58d. per Rix dollar. Note that the *Rix dollar* here serves as the 'head of the exchange'.

The amount to be redeemed on the *recambium* would thus have been:  $100 \times 58/240 = 100 \times 0.24167 = £24.3s.4d. - £23.2s.6d. = 24.167 - 23.125 = 1.042 = £1.0s.10d.$  If the two bills took a total of four months to be transacted, the per annum rate of return would have been:

$$12/4 \times 100 (1.0412/23.125) = 3 \times 0.04504 \times 100 = 13.51\%$$

### III. Modern Acceptance Banking (Accept-Krediet):

An acceptance bill is simply the more modern form of the bill of exchange in financing international trade, with a few differences.

(1) The acceptance bill is essentially the same as earlier forms of the bill of exchange in that a merchant, acting as a principal, orders or commands his agent-banker to make a payment on his behalf to another, specified merchant, in another city. Note once more that this bill is an order to pay and not a promise to pay (as in a letter obligatory or promissory note).

(2) The essential difference is that the bill involves the loan of commodities (i.e., grain, lumber, wine) rather than of money: the acceptance bill is, therefore, a form of straight sales credit.



(3) The four parties in the acceptance bill, therefore, are the seller and buyer of the commodities in city A (transaction city) and their two banking agents abroad, who arrange payment or redemption of the bill in city B (payment city): the acceptor or payer of the bill, and the payee.

**Example:** a Bordeaux merchant instructs his commercial agent in Danzig to buy a shipload of grain and to arrange payment for that grain by drawing an acceptance bill for 500 Dutch florins upon a designated Amsterdam bank, ordering that bank to pay the designated merchant or bank in Amsterdam 500 florins on some future date, usually within three months.

(1) The agent-buyer in Danzig is thus borrowing the grain from the grain seller, who is selling it on credit. Having received the acceptance bill from the Bordeaux merchant, the buyer's shipping agent in Danzig gives the bill to the Danzig grain merchant.

(2) The Bordeaux merchant sends a copy of his instructions to his Amsterdam bank (bank A); meanwhile, the Danzig grain merchant sends the bill he has received to his own bank in Amsterdam (bank B), or to his merchant-agent there. That agent or bank B, acting for the Danzig grain-seller, takes the bill to bank A, as the agent for the Bordeaux merchant; and that bank A receives the bill and writes on the back: 'we accept', meaning that it promises to honour bill and make full payment on the date of maturity (redemption date).

(3) Hence the term 'acceptance banking'; and that bank is called an 'acceptance bank'. That bank might agree to make payment, cash the bill, ahead of time; but obviously, as indicated earlier, at discount. The Amsterdam acceptance-bank (A) has thus agreed to extend financial credit to the Bordeaux merchant.

(4) If that Bordeaux merchant maintains an account there, a credit balance in that bank, he can simply instruct that bank to recover both its credit advance and its banking costs (which might also include shipping insurance premiums) and its profit, by a simple account-transfer, debiting the Bordeaux merchant's account.

(5) If the Bordeaux merchant does not have an Amsterdam bank account, then the Amsterdam acceptance bank would draw a second bill upon a Bordeaux bank (acting for the Bordeaux merchant) for the sum advanced plus all costs and bank profit.

**A DIAGRAM OF THE FOUR BILLS-OF-EXCHANGE FUNCTIONS SERVED BY  
A MERCHANT-BANK**

**Examples of Bills-of-Exchange Transactions, in the form of a Cambium and a Recambium,  
involving Italian Merchant-Bankers in Bruges (Flanders) and Barcelona (Catalonia): 1399 -  
1400**

**A. THE CAMBIUM: A Bill of Exchange drawn in Bruges upon a Bank in Barcelona**

<p><b>(1) The DELIVERER: in Bruges (Flanders)</b></p> <p><b>(Datore or Rimettente)</b></p> <p>12 December 1399: Jacopo Goscio lends money in Flemish currency to the <b>taker</b> in Bruges, the Orlandini-Benizi Co.: the sum of 600 <i>écus</i> (22d per <i>écu</i>) = £55 0s. 0d. <i>groot</i> Flemish: →</p> <p>[Or, he remits these funds to a banker in Barcelona to redeem an obligation there.]</p> <p>He buys a bill for this sum of £ 55 0s 0d <i>groot</i> Flemish from the <b>taker</b> drawn upon a banker in Barcelona stipulating payment to his <b>payee</b> there, on 11 February 1400, in Barcelonese currency, at the exchange rate of 1 Flemish <i>écu</i> = 10s. 5d. of Barcelona = £312 10s. 0d.</p> <p>Jacopo Goscio mails a copy of the bill so purchased to his Barcelona banking agent, the <b>payee</b>, Domenico Sancio: ↘</p>	<p><b>(2) The TAKER: in Bruges (Flanders)</b></p> <p><b>(Prenditore or Traente)</b></p> <p>The Orlandini-Benizi Company receives funds in Flemish <i>groot</i> from the <b>deliverer</b> in Bruges, Jacopo Goscio: the sum of £55 0s. 0d. <i>groot</i> Flemish (= 600 <i>écus</i>): ←</p> <p>12 December 1399: This bank sells the <b>deliverer</b> a bill of exchange for £55 0s. 0d. <i>groot</i> Flemish, drawn upon its corresponding bank in Barcelona, the Francesco da Prato Co. bank for the sum of £312 10s. 0d. Barcelonese:</p> <p>Orlandini-Benizi ‘draws’ upon Barcelona, ordering its <b>payer</b>, Francesco da Prato Co., to make payment there to the designated <b>payee</b> in Barcelonese currency, on 11 February 1400, for the sum of £312 10s. 0d. of Barcelona, at the exchange rate of 1 Flemish <i>écu</i> = 10s 5d of Barcelona: ↓</p> <p>The original copy of the bill is given to the <b>deliverer</b> (←) and a copy is mailed to the <b>payer</b> in Barcelona (↘)</p>
<p><b>(4) The PAYEE (Beneficiario): in Barcelona (Catalonia)</b></p> <p>Domenico Sancio, on receiving from Jacopo Goscio, his principal in Bruges, his copy of the bill of exchange drawn on Barcelona, then presents this bill to the <b>payer</b> in Barcelona, Francesco da Prato and Co., for ‘acceptance’: on 11 January 1400 (n.s.) →</p> <p>On the redemption date, 11 February 1400, Sancio presents the accepted bill for redemption and collection to the <b>payer</b>, receiving from Francesco da Prato and Co. the stipulated sum in Barcelonese currency: £312 10s. 0d. of Barcelona.</p>	<p><b>(3) The PAYER (Pagatore): in Barcelona</b></p> <p>When the <b>payee</b>, Domenico Sancio, presents his copy of the bill drawn in Bruges upon Barcelona, to Francesco da Prato and Co., as the designated <b>payer</b>, on 11 January 1400, the latter ‘accepts’ the bill of exchange, agreeing to make the stipulated payment on the redemption date to that <b>payee</b>, Domenico Sancio: ←</p> <p>On the redemption date, 11 February 1400, the Francesco da Prato Co. bank pays the <b>payee</b>, Domenico Sancio, the stipulated payment in Barcelonese currency: the sum of £312 10s. 0d. of Barcelona; and debits this sum from its account with the Orlandini-Benizi Co. bank of Bruges.</p>

**B. THE RECAMBIUM: The Return Bill of Exchange drawn in Barcelona upon the corresponding bank in Bruges.**

<p><b>(1) The DELIVERER: in Barcelona (Catalonia)</b></p> <p><b>(Datore or Rimettente)</b></p> <p>11 February 1400: Domenico Sancio (the <b>payee</b> in the original bill) lends the sum of money collected in the first bill, in Barcelonese currency, to the <b>taker</b> in Barcelona, Francesco del Tovaglia and Co.: the sum of £312 10s. 0d. Barcelonese →</p> <p>[Or, he remits these funds to a banker in Bruges to redeem an obligation there.]</p> <p>He buys a bill for this sum of £312 10s. 0d. Barcelonese from the <b>taker</b>, Francesco del Tovaglia and Co., drawn upon a banker in Bruges, stipulating payment to his <b>payee</b> there, Jacopo Goscio, on 11 April 1400, in Flemish currency, at the exchange rate of 1 Flemish <i>écu</i> = 10s. 0d. of Barcelona = 625 Flemish <i>écus</i> (= £57 5s. 10d. <i>groot</i> Flemish).</p> <p>Domenico Sancio mails a copy of the bill so purchased to his principal in Bruges, Jacopo Goscio, now acting as the <b>payee</b>: ↗</p>	<p><b>(2) The TAKER: in Barcelona (Prenditore or Traente)</b></p> <p>11 February 1400: Francesco del Tovaglia and Company receives funds in Barcelonese currency from the <b>deliverer</b> in Barcelona, Domenico Sancio: the sum of £312 10s. 0d. of Barcelona: ←</p> <p>This bank sells the <b>deliverer</b> a bill of exchange for £312 10s. 0d. Barcelonese drawn upon its corresponding bank in Bruges, Giuliano Zaccheria and Co. bank, for the sum of 625 Flemish <i>écus</i> (= £57 5s. 10d. <i>groot</i> Flemish)</p> <p>Francesco del Tovaglia draws upon Bruges, ordering its <b>payer</b> there, Giuliano Zaccheria and Co., to make payment to the designated <b>payee</b>, Jacopo Goscio, on 11 April 1400, in Flemish currency, for the sum of 625 Flemish <i>écus</i> (= £57 5s. 10d. <i>groot</i>) at the exchange rate of 1 Flemish <i>écu</i> = 10s 0d of Barcelona: ↘</p> <p>The original copy of the bill is given to the <b>deliverer</b> (←) and a copy is mailed to the <b>payer</b> in Bruges(↖)</p>
<p><b>(4) The PAYEE (Beneficiario) : in Bruges (Flanders)</b></p> <p>Jacopo Goscio, (the <b>deliverer</b> in the first bill and now the <b>payee</b> on the return bill), on receiving from Domencio Sancio, his agent in Barcelona, his copy of the bill of exchange drawn on Bruges, then presents this bill to the <b>payer</b> in Bruges, Giuliano Zaccheria and Co., for ‘acceptance’, on 11 March 1400: →</p> <p>On the redemption date, 11 April 1400, Jacopo Goscio presents the accepted bill for redemption and collection to the <b>payer</b>, receiving from Giuliano Zaccheria and Co. the stipulated sum in Flemish currency: 625 Flemish <i>écus</i> (= £57 5s. 10d. <i>groot</i> Flemish, at 22d per <i>écu</i>).</p>	<p><b>(3) The PAYER (Pagatore): in Bruges (Flanders)</b></p> <p>When the <b>payee</b>, Jacopo Goscio, presents his copy of the Barcelona bill, drawn in Bruges, to Giuliano Zaccheria and Co., as the designated <b>payer</b>, the latter ‘accepts’ the bill of exchange, on 11 March 1400: agreeing to make the stipulated payment on the redemption date to that <b>payee</b>, Jacopo Goscio: ←</p> <p>On the redemption date, 11 April 1400, the Francesco da Prato Co. bank pays the <b>payee</b>, Jacopo Goscio, the stipulated payment in Flemish currency: the sum of 625 Flemish <i>écus</i> = £57 5s. 10d. <i>groot</i> Flemish. [Goscio has earned a profit of 25 <i>écus</i> or £2 5s. 10d. <i>groot</i> Flemish on the two bills.]</p>

## An Acceptance Bill drawn on an Amsterdam Bank in 1785

### DANZIG (Prussia)

(2) Danzig merchant X, acting as the agent for the Bordeaux merchant, buys grain from Danzig merchant Y, arranges for its delivery, and gives Merchant Y (the seller) the Bordeaux merchant's bill for 500 florins drawn on the Amsterdam acceptance-bank A. Danzig Merchant Y then sends this bill to his agent Merchant Z in Amsterdam (or to Amsterdam Bank B) for collection on the specified date.

### AMSTERDAM (Holland)

(3) Merchant Z (or Bank B) receives the bill from Danzig and presents it to Amsterdam Bank A, which "accepts" the bill, promising to make payment on the stipulated date. On that date Merchant Z collects the bill from Bank A and deposits the proceeds of 500 florins in the Danzig account in Bank B. Bank A debits the account of the Bordeaux merchant for the bill and the collection charges, including interest.

### BORDEAUX (France)

(1) The Bordeaux merchant instructs his agent in Danzig, Merchant X, to ship 1000 bushels of rye to Bordeaux. To pay for the grain he "draws" a bill on Amsterdam acceptance bank A for 500 florins, made payable in three months to merchant Z, with an account at Amsterdam bank B, acting as the agent for Danzig merchant Y. He sends the bill to his agent Merchant X in Danzig with a copy of his shipping instructions.